

19 Enterprise Zone Employee Credit

3553

Attach to your California tax return.

Name(s) as shown on return

Social security number

1	Enter the total amount of income you earned working in an enterprise zone. Do not enter more than \$10,500	1	_____
2	If you file a joint return, enter the total amount of income your spouse earned working in an enterprise zone. Do not enter more than \$10,500	2	_____
3	Add line 1 and line 2	3	_____
4	Multiply the amount on line 3 by 5% (.05)	4	_____
5	Enter the amount from Form 540, line 17, or Form 540NR, line 17	5	_____
6	If the amount on line 5 is:		
	• equal to or less than the amount on line 3, enter -0- and skip to line 10		
	• more than the amount on line 3, enter the amount on line 3	6	_____
7	Subtract line 6 from line 5	7	_____
8	Multiply line 7 by .09	8	_____
9	Subtract line 8 from line 4. If the result is zero or less STOP you do not qualify for this credit	9	_____
10	Enter the total amount of enterprise zone wages	10	_____
11	Enter the amount from Form 540, line 18, or Form 540NR, line 18	11	_____
12	Taxable income. Subtract line 11 from line 10	12	_____
13	Enter the amount of tax for the amount on line 12. See instructions	13	_____
14	Total available enterprise zone employee credit. Enter the lesser of line 9 or line 13. If you skipped line 9 and entered zero (-0-) on line 6, enter the lesser of line 4 or line 13	14	_____

Caution: Your credit may be limited. See the instructions for line 14.

General Information

A Purpose of Form

If you worked within the boundaries of a California enterprise zone, you may be allowed a credit against your income tax for a portion of wages earned in the zone. Use this form to figure the amount of credit you are allowed. You must use Form 540, California Resident Income Tax Return, or Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, to claim this credit.

B Who Qualifies for the Credit

To qualify, you must:

- perform at least 50 percent of your compensated work within the boundaries of an enterprise zone in California;
- spend at least 90 percent of the work time on activities that are directly related to the operation of the trade or business located within the enterprise zone; and
- not work for federal, state or local government.

C Credit Amount

The credit is 5 percent of each employee's qualified wages, up to a maximum credit of \$525 per employee. Qualified wages are wages earned in the geographical areas designated as enterprise zones in the following California locations:

- Altadena/Pasadena
- Calexico
- Coachella Valley
- Delano
- Eureka

- Fresno
- Kings County
- Long Beach
- Los Angeles – Central City
- Los Angeles – Northeast Valley (formerly Pacoima)
- Merced/Atwater
- Oakland
- Oroville
- Porterville
- Richmond
- Sacramento Army Depot
- San Bernardino/Riverside (Agua Mansa)
- San Diego – Barrio Logan
- San Diego – Otay Mesa/San Ysidro
- San Francisco
- San Jose
- Santa Ana
- Shasta Metro
- Shasta Valley
- Stockton
- Yuba City/Marysville

The zones are designated by the California Trade and Commerce Agency. Federal zone designations do not qualify.

New Zone

The Sacramento Army Depot was designated as an enterprise zone on October 4, 1994. If you were an employee in the new zone, you can only use the amount of wages you earned after the designation date to compute the credit.

D Credit Limitations

Income Limitations

This credit is limited to your net tax. It may not be refunded or carried over to future taxable years.

You must reduce this credit by nine cents (\$.09) for each dollar you received in excess of your qualified enterprise zone wages. The maximum amount of these wages that are qualified are \$10,500 per each enterprise zone employee.

Zone Income Limitation

You may not apply the credit toward any taxes due on income you and your spouse earned outside the enterprise zone, or prior to the zone designation.

Compute this limitation on line 10 through line 13 of form FTB 3553.

Specific Line Instructions

Line 13 — Find the amount of tax from the tax table in the Form 540 or 540NR instructions for the amount shown on line 12. Use the same filing status you used on your Form 540 or Form 540NR.

Line 14 — The amount of this credit you may claim on your tax return may be limited. See the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return. You must use code number **169** to claim this credit.